

Senate Study Bill 1260

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CO=CHAIRPERSON McKINLEY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to organizations supportive of community colleges
2 and schools by allowing individual income tax credits for
3 contributions made to certain school tuition organizations,
4 authorizing a school district or community college to include
5 a nonprofit educational foundation in its insurance coverages
6 if reimbursed, exempting from the scope of negotiations dues
7 checkoff authorizations for teachers represented by a
8 certified employee organization, and including an
9 applicability date provision.
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
11 TLSB 3066XC 81
12 kh/sh/8

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1 1 Section 1. Section 20.9, unnumbered paragraph 1, Code
1 2 2005, is amended to read as follows:
1 3 The public employer and the employee organization shall
1 4 meet at reasonable times, including meetings reasonably in
1 5 advance of the public employer's budget-making process, to
1 6 negotiate in good faith with respect to wages, hours,
1 7 vacations, insurance, holidays, leaves of absence, shift
1 8 differentials, overtime compensation, supplemental pay,
1 9 seniority, transfer procedures, job classifications, health
1 10 and safety matters, evaluation procedures, procedures for
1 11 staff reduction, in-service training and other matters
1 12 mutually agreed upon. ~~Negotiations Except when the public~~
1 13 ~~employees represented by a certified employee organization are~~
1 14 ~~teachers licensed under chapter 272 and the public employer is~~
1 15 ~~a school district or area education agency, negotiations shall~~
1 16 also include terms authorizing dues checkoff for members of
1 17 the employee organization and grievance procedures for
1 18 resolving any questions arising under the agreement, which
1 19 shall be embodied in a written agreement and signed by the
1 20 parties. If an agreement provides for dues checkoff, a
1 21 member's dues may be checked off only upon the member's
1 22 written request and the member may terminate the dues checkoff
1 23 at any time by giving thirty days' written notice. Such
1 24 obligation to negotiate in good faith does not compel either
1 25 party to agree to a proposal or make a concession.
1 26 Sec. 2. Section 260C.14, Code 2005, is amended by adding
1 27 the following new subsection:
1 28 NEW SUBSECTION. 21. Have authority to include in the
1 29 community college's insurance coverages an organized nonprofit
1 30 educational foundation that exists for the sole benefit of the
1 31 community college, provided the foundation reimburses the
1 32 community college for the cost of the insurance.
1 33 Sec. 3. NEW SECTION. 279.60 NONPROFIT SCHOOL
1 34 ORGANIZATIONS == AUTHORIZATION.
1 35 The board of directors may include in the school district's
2 1 insurance coverages an organized nonprofit educational
2 2 foundation that exists for the sole benefit of the school
2 3 district, provided the foundation reimburses the school
2 4 district for the cost of the insurance.
2 5 Sec. 4. NEW SECTION. 422.11K SCHOOL TUITION ORGANIZATION
2 6 TAX CREDIT.
2 7 1. The taxes imposed under this division less the credits
2 8 allowed under sections 422.12 and 422.12B shall be reduced by
2 9 a school tuition organization tax credit equal to seventy=five

2 10 percent of the amount of the voluntary cash contributions made
2 11 by the taxpayer during the tax year to a school tuition
2 12 organization, not to exceed either of the following:
2 13 a. Seven hundred dollars for a single individual.
2 14 b. Eight hundred dollars for a married couple.
2 15 2. To be eligible for this credit, all of the following
2 16 shall apply:
2 17 a. A deduction pursuant to section 170 of the Internal
2 18 Revenue Code for any amount of the contribution is not taken
2 19 for state tax purposes.
2 20 b. The contribution does not designate that any part of
2 21 the contribution be used for the direct benefit of any
2 22 dependent of the taxpayer or any other student designated by
2 23 the taxpayer.
2 24 3. Any credit in excess of the tax liability is not
2 25 refundable, but the excess for the tax year may be credited to
2 26 the tax liability for the following five tax years or until
2 27 depleted, whichever is the earlier.
2 28 4. Married taxpayers who file separate returns or file
2 29 separately on a combined return form must determine the tax
2 30 credit under subsection 1, paragraph "b", based upon their
2 31 combined net income and allocate the total credit amount to
2 32 each spouse in the proportion that each spouse's respective
2 33 net income bears to the total combined net income.
2 34 Nonresidents or part-year residents of Iowa must determine
2 35 their tax credit in the ratio of their Iowa source net income
3 1 to their all source net income. Nonresidents or part-year
3 2 residents who are married and elect to file separate returns
3 3 or to file separately on a combined return form must allocate
3 4 the tax credit between the spouses in the ratio of each
3 5 spouse's Iowa source net income to the combined Iowa source
3 6 net income of the taxpayers.
3 7 5. For purposes of this section:
3 8 a. "Disabled student" means a child requiring special
3 9 education, as defined in section 256B.2, subsection 1.
3 10 b. "New student" means a child who did not attend an
3 11 accredited nonpublic school in Iowa during the previous school
3 12 year.
3 13 c. "Qualified school" means a preschool for disabled
3 14 students in this state or a nonpublic elementary or secondary
3 15 school in this state which is accredited under section 256.11
3 16 and adheres to the provisions of the federal Civil Rights Act
3 17 of 1964 and chapter 216.
3 18 d. "School tuition organization" means a charitable
3 19 organization in this state that is exempt from federal
3 20 taxation under section 501(c)(3) of the Internal Revenue Code
3 21 and that allocates at least ninety percent of its annual
3 22 revenue for educational scholarships or tuition grants to
3 23 children to allow them to attend any qualified school of their
3 24 parents' choice of which one-third of the children who receive
3 25 scholarships or grants are new students. Once a child has
3 26 been deemed a new student that child shall continue to be
3 27 counted as a new student for each school year the child
3 28 receives a scholarship or grant from the organization to
3 29 attend a qualified school. A school tuition organization
3 30 shall only award educational scholarships and tuition grants
3 31 to children who reside in Iowa. In addition, to qualify as a
3 32 school tuition organization, the charitable organization shall
3 33 provide educational scholarships or tuition grants to students
3 34 without limiting availability to only students of one school
3 35 and shall prioritize the providing of such scholarships and
4 1 grants to students from families whose incomes are less than
4 2 two hundred percent of the federal poverty level, as defined
4 3 by the most recently revised income guidelines published by
4 4 the United States department of health and human services.
4 5 6. A school tuition organization that receives a voluntary
4 6 cash contribution pursuant to this subsection shall report to
4 7 the department, in a form prescribed by the department, by
4 8 February 28 of each year all of the following information:
4 9 a. The name, address, and contact name of the school
4 10 tuition organization.
4 11 b. The total number of contributions received during the
4 12 previous calendar year.
4 13 c. The total dollar amount of contributions received
4 14 during the previous calendar year.
4 15 d. The total number of children awarded educational
4 16 scholarships or tuition grants during the previous calendar
4 17 year and the number of these children who are new students,
4 18 who reside in the state, and who are from families with
4 19 incomes of less than two hundred percent of the federal
4 20 poverty level.

4 21 e. The total dollar amount of educational scholarships and
4 22 tuition grants awarded during the previous calendar year.
4 23 f. For each school to which educational scholarships or
4 24 tuition grants were awarded all of the following shall be
4 25 provided:
4 26 (1) The name and address of the school.
4 27 (2) The number of educational scholarships and tuition
4 28 grants awarded during the previous calendar year.
4 29 (3) The total dollar amount of educational scholarships
4 30 and tuition grants awarded during the previous calendar year.
4 31 7. The department shall annually file a report with the
4 32 chairpersons and ranking members of the senate and house
4 33 committees on ways and means detailing a compilation of the
4 34 information received from the reports of all school tuition
4 35 organizations filed pursuant to the requirements of subsection
5 1 6.
5 2 8. This section applies to tax years beginning on or after
5 3 January 1, 2006, but before January 1, 2014.

5 4 EXPLANATION

5 5 This bill provides for an individual income tax credit
5 6 equal to 75 percent of the voluntary contributions made to a
5 7 school tuition organization that is exempt from federal income
5 8 tax, exempts teachers employed by school districts or area
5 9 education agencies from the authority to include terms
5 10 authorizing dues checkoff in the scope of negotiations
5 11 specified in Code chapter 20, governing public employee
5 12 collective bargaining, and allows school districts and
5 13 community colleges to include in their insurance coverages an
5 14 organized nonprofit educational foundation that exists for the
5 15 sole benefit of the school district or community college
5 16 provided the foundation reimburses the school district or
5 17 community college for the cost of the insurance.
5 18 The tax credit would be limited to \$700 for single
5 19 individuals and \$800 for married persons filing jointly. If
5 20 married individuals filed separately, the \$800 is divided
5 21 between them based upon each individual's net income. The
5 22 bill requires the organization to use at least 90 percent of
5 23 total contributions to provide educational scholarships or
5 24 tuition grants to children attending nonpublic elementary or
5 25 secondary schools or preschools for disabled students that are
5 26 accredited under state law and adhere to the federal Civil
5 27 Rights Act of 1964 and the state civil rights law.
5 28 The bill provides that the tax credit applies to tax years
5 29 beginning on or after January 1, 2006, but before January 1,
5 30 2014.
5 31 LSB 3066XC 81
5 32 kh:rj/sh/8